

Working Group on Institutional Structure

November 16, 2004, 2:00 p.m., HCDCH Boardroom

Present: Don Tarleton (Chair), Craig Hirai, Warren Suzuki, Henry Oliva, Pamela Dodson, Dean Uchida, Janice Takahashi, Mavis Masaki

Assignment – "Create an institutional structure to focus on stimulating the development of affordable, workforce housing."

Workforce housing was defined as housing for working class households whose income is in the range of 80 to 140 percent of the HUD area median income.

Background

The working group arose out of comments at the August 17th Task Force meeting that responsibility for public housing, land reform and housing finance and development is too much on one plate for the Housing and Community Development Corporation of Hawaii (HCDCH) Executive Director and Board to handle effectively. The HCDCH has had a history of morphing in structural format over the years. Originally, the Hawaii Housing Authority (HHA) was a unified housing agency. It was split into the Housing Finance and Development Corporation (HFDC), which assumed the housing finance, development and land reform functions, and a smaller HHA, which retained the public housing and housing management functions. The two were subsequently merged into the HCDCH. The suggestion made at the August 17th meeting was to split off the housing finance functions into a separate agency, or conversely, split off the public housing side.

Survey of National Council of State Housing Agencies (NCSHA) members

Prior to the meeting, Chair Tarleton conducted a survey of state housing finance agencies (HFAs) nationwide to determine how their housing agencies were structured functionally. Of the 52 agencies surveyed, 17 responded. The survey results are attached to this summary.

Most HFAs do not supervise public housing, or engage in development or sale of housing themselves. The survey also showed that most HFAs delegated more decision-making authority to staff with respect to applications for assistance, and that several agencies were quasi-autonomous from their state administrations, and, for example, have exemptions from state procurement rules, employment practices, and other bureaucratic mandates.

Additionally, Chair Tarleton mentioned that although he did not receive survey responses from every jurisdiction, that he was aware through NCSHA anecdotally that only Alaska and Hawaii have public housing functions.

Discussion

There is a tremendous need for the development of new affordable housing units, and that HCDCH's Finance Branch is practically the only entity in the State bringing about new production of affordable rental housing through its financing packages. However, a substantial

portion of the HCDCH Board time is devoted to public housing items. Given that the HCDCH Board is comprised of volunteers with a limited amount of time to devote to the agency, it was discussed whether there was enough time for the Board to concentrate on the finance and development issues.

Based on the example of the consolidation of HHA and HFDC into the HCDCH, it would take two years to complete a formal structural change because it would require legislation and a formal reorganization. However, the HCDCH has other priorities that must be accomplished in the meantime, so it may not be the best time to actually implement an agency split right now. However, the survey results and examples of best practices nationally indicate that that course of action would probably be best.

The working group discussed alternatives to a split. Mixed-finance housing, a HUD initiative, was suggested as a means to replace or refurbish public housing units. It would involve public/private partnerships to redevelop public housing properties intermixed with affordable and market units. The private sector partner may be able to satisfy county affordability requirements by participating, and the HCDCH would gain new public housing units. Also, the private sector could manage the property while the HCDCH would only supervise. It was noted that this initiative may not add to the inventory of affordable units overall, and there remains a significant need for new affordable rental units.

The HCDCH has only approximately 5,000 public housing units statewide, which takes up a significant amount of its time, whereas the entire market requires more inventory (i.e. 17,000 affordable rental units). If nothing is done to address aging apartments, the State would actually lose inventory. It was suggested that the HCDCH focus on where its efforts can be best allocated to solve the affordable housing problem. For example, the HCDCH needs to complete decision-making on its financing programs more quickly. Decision-making on tax credit awards took 9 months this year, in part because the same architects and engineers that review the proposals also have duties relating to public housing rehabilitation. The public housing related duties must come first, resulting in the deferral of applications for programs such as the Low-Income Housing Tax Credit Program.

Suggestions for future action/consideration

The HCDCH needs to work to demonstrate that its work is of value to the community and demonstrate its credibility as an agency, and needed resources and political support will follow. It was suggested that a split, if decided upon, should come after the education process is completed.

There was a suggestion that the recommendation should be to further study an agency split. However, the group decided to consider the matter further and meet again to come up with its final recommendation.

Next meeting

The group agreed that another meeting will be scheduled in December at a time and place to be determined to complete the final recommendations.